

LOUISIANA STATE POLICE
GUIDELINES FOR THE INDEPENDENT CPA IN THE AUDIT OF
LICENSEE FINANCIAL STATEMENTS

In accordance with LA. R.S. 42:IX.2711.A (Land Base), LA. R.S. 42:XIII.2711.A (Riverboat), and LA. R.S. 42:VII.2711.A (Slots at the Tracks), each Casino/Licensee shall submit to the Division audited financial statements, reflecting all financial activities of the Casino/Licensee, prepared in accordance with Generally Accepted Accounting Standards by an Independent Certified Public Accountant (CPA). The following guidelines should be incorporated into your current procedures.

1. Segregation of Duties:

- a. Casino/Licensee provides reasonable assurance that policies and procedures ensure adequate segregation of duties in casino operations, which pertains to transactional areas of table, EGD's and cage cashiering/credit and functional areas such as casino accounting.
- b. Casino/Licensee provides reasonable assurance that policies and procedures ensure adequate segregation of duties between management (administration) and the activity.
- c. Casino/Licensee provides reasonable assurance as to the consistency of their policies and procedures concerning compatibility of duties for positions which were open due to vacancies during the year and how these positions were filled during the interim period.

2. General Ledger Reconciliation - The following accounts have been reconciled in accordance with Generally Accepted Accounting Principles:

- a. AGR/GGR - Table Games (May have been reported in Quarterly Adjusted Gross Receipts/Gross Gaming Revenue Audit)
- b. AGR/GGR - EGD's (May have been reported in Quarterly Adjusted Gross Receipts/Gross Gaming Revenue Audit)
- c. Cage Accountability
- d. Chip and Token Liability
- e. Progressive Jackpot Liability

3. Complimentary Services:

- a. Complimentary accounts are classified and recorded in accordance with Generally Accepted Accounting Principles.

4. Signature Records:
 - a. Dated authorization lists are maintained as designed by the Casino/Licensee of personnel required/authorized to sign company documents.
 - b. The authorization is updated on at least a quarterly basis to reflect changes in personnel. The dates the changes became effective are noted on the lists.
5. Changes in Stockholders' Equity/Partners' or Members' Equity have been reconciled in accordance with Generally Accepted Accounting Principles.
6. Bank statements have been reconciled in accordance with Generally Accepted Accounting Principles.
7. Related Party Transactions - Transfers to related parties have been properly recorded and disclosed in accordance with Generally Accepted Accounting Principles.
8. Purchasing Transactions - Testing is performed in adherence with company policies and procedures for purchases:
 - a. The amount of a commitment that an individual or group of employees, owners, or directors can approve shall indicate the total dollar commitment of the single transaction or a series of related transactions.
 - b. Issuance of purchase requisitions and amounts that can be authorized by various positions or levels of personnel is adequately monitored.
 - c. There is adherence to company requirements for competitive bidding process, including the number of bids mandated.
 - d. There is substantive documentation that goods or services acquired were obtained on the basis of fair market value.
 - e. There are procedures to ensure that vendor files contain all company required forms, documentation, and approvals.
 - f. Capital expenditures - Company policy and procedures for approval of such expenditures are followed and files contain all company required forms, documentation, and approvals.
9. Extension of Credit - Other than patrons for gaming purposes.
 - a. Details of related party receivables have been sufficiently disclosed.
 - b. Details of material "Advances" have been sufficiently disclosed and all such accounts have been appropriately reconciled.
 - c. Other material receivables have been investigated and reconciled.

10. Management Information Systems (MIS) - Includes gaming computer systems or computer systems that interface with gaming computer systems that track, control or monitor gaming activity.

- a. There is adherence to company policy for controls on the ability to access computer programs and equipment at each level (key access, time-out restrictions, passwords)
- b. Updates or changes to system information is properly documented and maintained and that said information can only be updated or changed by the authorized personnel.
- c. The Casino maintains a list of personnel who can access computer software and equipment and their level of access. Verify that this list is updated immediately for personnel changes.
- d. Ensure that maintenance of the computerized slot monitoring system data files is performed by a department independent of the slot department or alternatively may be performed by slot supervisory employees if sufficient documentation is generated and randomly verified by employees independent of the slot department.

11. Chip/Token Inventory Count – Verify the inventory of chips and tokens both on-site and off-site. Secondary chips housed off-site must be resealed by LSP after the inventory count.